DEPARTMENT OF THE ARMY

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MANAGEMENT IMPROVEMENT PROGRAM

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1. Purpose

a. The Congress and the President by Title X of the Classification Act of 1949 (Public Law 429, 81st Congress) and Executive Order 10072 (14 FR 4797) dated 29 July 1949, have directed that Department and Agency heads give increased and regular attention to the economy and effectiveness of the programs for which they are responsible. Bureau of the Budget Circular A-8, dated 21 January 1950, a copy of which is attached, implements the basic statutes and directives of the President for accomplishing improvements in management.

b. The purpose of this OCTI is to outline the principles and the essential elements of the Ordnance Management Improvement Program which will (1) improve organizational structure, (2) develop sound modern management practices and techniques, (3) provide effective management tools to achieve maximum efficiency, economy, and effectiveness, and (4) identify units and employees that are making outstanding contributions to efficiency and economy of operations.

2. Management Principles

Management Improvement Programs carried on in Ordnance field installations and activities will be predicated on the following principles:

a. Continual management improvement is a responsibility of Commanders.

b. The maximum participation of all supervisory personnel is necessary to secure optimum results.

c. The employment of modern management techniques enumerated below will facilitate more economical and effective utilization of manpower, funds, equipment and facilities.

d. Positive programs are required for the most effective use of management techniques.

3. Responsibilities

The implementation of the Ordnance Management Improvement Program within his command is the responsibility of the local Commander. There should be developed at each installation or activity a plan of action with someone designated to carry it out. In smaller installations the Commanding Officer in person can plan and execute. Where required in the larger installations, a Management Office should be organized and properly staffed.

4. Field Management Improvement Programs

To insure the success of field Management Improvement Programs, local Commanders should take the following steps:

a. Develop a plan for instituting a comprehensive Management Improvement Program.

b. Assign specific responsibilities for carrying out each part of the program. (Where necessary competent management analysts should be employed and trained in techniques that are locally required to fully execute the planned program.)

c. Develop local systems and procedures needed to carry out the program.

d. Provide for the training of supervisors in the use of techniques and methods by which they can analyze their work and improve it.

e. Promulgate throughout the organization improvements which are of general interest so that the maximum use will be made of good ideas.

f. Stimulate supervisors interest and participation in the program.

5. Elements of the Ordnance Field Management Improvement Program.

a. The Management Improvement Programs developed in Ordnance installations and activities should consist of, but should not be limited to, the following eight (8) vitally essential elements. These are:

(1) Organization review and control.

(2) Internal management appraisal studies.

(3) Procedural review and analysis.

(4) Work Simplification.

(5) Reports, forms, and records control.

(6) Statistical and graphic reflection of activities.

(7) Cost analysis and performance standards.

(8) Personnel strength control.

b. Organization Review and Control

This element includes continuous review of mission, functions, and structure to insure adequacy and conformance to changing conditions and requirements; elimination of all organizational elements that do not contribute to or directly support the performance of line missions; and clear cut division of functions and maximum delegation of appropriate authority to levels where the work is performed.

c. Internal Management Appraisal Studies

These studies, which will constitute the major workload of the Ordnance Management Improvement Program, should periodically and on a continuing basis appraise every organizational element. In accomplishing these studies, management techniques such as the use of process charts, work distribution charts, flow charts, work counts, and standards of performance will be employed. (A comprehensive OOTI on the conduct of such studies is presently being prepared.) The studies will cover but not be limited to the following broad areas:

(1) Mission and objectives.

(2) Organization and functions.

(3) Procedures.

(4) Staffing requirements and workload.

(5) Personnel Utilization.

(6) Reports, forms, and records.

(7) Equipment utilization.

(8) Space layout and location.

d. Procedural Review and Analysis

Procedural review and analysis involves a detailed review and appraisal of existing and proposed procedures to assure that these provide the means of accomplishing the installation's objective in the most efficient and economical manner possible.

e. Work Simplification

This element involves the simplifying of work processes through training personnel in the use of analytical methods and techniques; through encouraging and stimulating participation in analyzing and improving work processes; and through according adequate recognition to units and employees that are making outstanding contributions to efficiency and economy of operations.

f. Reports, Forms, and Records Control

This element covers the development and administration of a program of control which provides for: the accurate and timely preparation and submission of required reports; the appraisal of proposed reports and forms with respect to need, format, and extent of use; and the continual reviewing of existing reports and forms to assure that those which are unnecessary in whole or in part are eliminated or modified.

g. Statistical and Graphic Reflection of Activities

This element refers to the planning and coordinating of statistical research; the designing and developing of a reporting program and the analyzing and presenting of statistical data which show the effectiveness with which the installation is accomplishing its mission. It is of value where the size and complexity of activities warrant a formal system of reports and graphical analyses, but an elaborate system of reports is not justified except as required to insure management control.

h. Cost Analysis and Performance Standards

This element includes development of practical work volume standards with an aggressive follow-up on reported performance; continuous review of manpower utilization to insure a balanced force and proper use of personnel by type, grade, occupation; and development of cost data relative to standards as a basis for budget estimates.

i. Personnel Strength Control

Personnel strength control element includes maintenance of workload standards to serve as a basis for allocation of authorized military and personnel ceilings; to recommend personnel allocations based on developed workloads; and prepare reports to higher headquarters on the utilization of personnel by type, grade, occupation; and development of cost data relative to standards as a basis for budget estimates.

6. Management Improvement Manual

This office is presently preparing detailed information covering each of the eight (8) elements outlined in paragraph 5 above. As completed, each segment will be forwarded to installations and activities and will constitute part of the Ordnance Improvement Manual. In addition, such other information (particularly that prepared by higher echelons) which may be of assistance will be transmitted from time to time.

7. Time Schedule for Implementing Local Management Improvement Program

a. It is recognized that maximum benefits from local Management Improvement Programs will not be achieved overnight but will require a gradual build up as installations are able to employ and train competent management analysts and indoctrinate supervisors in applying progressive management techniques in their day-to-day operations.

b. The major objective of this office will be to offer maximum assistance to local Commanders in achieving a full-fledged management program. This aid will take the form of (1) technical advice on management techniques and organization; (2) technical documents outlining the Ordnance-wide Management Improvement Program and goals, (3) field management audits, and (4) conferences of management representatives from all installations.

8. Limitations on Formalized Management Improvement Program

Within a small activity, the directing head may require only his powers of personal observation to control effectively all its operations and insure the employment of the most progressive management techniques. In larger and more complex installations and activities a Management Office staffed by competent management analysts pursuing a formalized Management Improvement Program is required. The requirements for Management Improvement Programs as set forth in this OOTI should not be construed as applying

equally to all Ordnance installations and activities, but rather is primarily aimed at those larger activities where the local Commanders require an extension of their own personalities in effecting improvement in management.

BY COMMAND OF MAJOR GENERAL FORD:

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